

Message Text

CONFIDENTIAL

PAGE 01 KINSHA 07278 021551Z

ACTION AF-10

INFO OCT-01 EUR-12 NEA-10 IO-13 ISO-00 USIE-00 IGA-02

SP-02 AID-05 EB-08 NSC-05 TRSE-00 SS-15 STR-04

OMB-01 CEA-01 CIAE-00 COME-00 FRB-03 INR-07

NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 DODE-00

PA-01 PRS-01 SSO-00 NSCE-00 INRE-00 AGRE-00 OES-07

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O P 021458Z AUG 77

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC IMMEDIATE 4944

INFO AMEMBASSY BONN PRIORITY

AMEMBASSY BRUSSELS PRIORITY

AMEMBASSY JIDDA PRIORITY

AMEMBASSY PARIS PRIORITY

USMISSION USUN NY PRIORITY

C O N F I D E N T I A L KINSHASA 7278

E.O. 11652: GDS 12/31/77

TAGS: EAID, CG, BE, US

SUBJECT: RESPONSE TO MOBUTU'S CALL FOR A "MARSHALL PLAN"

REF: A) KINSHASA 6181 (NOTAL); B) STATE 163340 (NOTAL); C) BRUSSELS
08901; D) BRUSSELS 08916 (NOTAL)

1. SUMMARY: WHILE WE STILL HAVE RESERVATIONS CONCERNING "MARSHALL PLAN", IT APPEARS THAT BELGIANS HAVE MADE DETERMINED EFFORT TO DEVELOP PROPOSAL SO THAT IT FALLS WITHIN IMF/IBRD CONSULTATIVE GROUP WHICH WE REGARD AS MOST APPROPRIATE VEHICLE FOR COORDINATING MULTILATERAL ASSISTANCE TO ZAIRE. WE BELIEVE THAT BELGIAN PROPOSAL COULD BE USEFUL IF IT IS IN FACT LINKED TO IMF/IBRD CONSULTATIVE GROUP AND RECOMMEND THAT EVERY EFFORT BE MADE TO ENSURE THAT IT REMAINS WITHIN SUCH FRAMEWORK. END SUMMARY.

2. WE MAINTAIN POSITION PRESENTED REF A, WITH WHICH DEPARTMENT
CONFIDENTIAL

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PAGE 02 KINSHA 07278 021551Z

CONCURRED (REF B), I.E., THAT CONSULTATIVE GROUP IS MOST APPROPRIATE VEHICLE FOR COORDINATING MULTILATERAL ASSISTANCE TO ZAIRE. HOWEVER, FROM OUR READING OF BELGIAN POSITION PAPER RE "MARSHALL PLAN" (REF D) IT APPEARS TO US THAT BELGIANS HAVE MADE DETERMINED EFFORT TO DEVELOP THEIR PROPOSAL SO THAT IT FITS WITHIN IMF/IBRD CONSULTATIVE GROUP FRAMEWORK. FOR EXAMPLE, PARA 12 OF PROPOSAL (REF D) STATES

INTER ALIA "THE MOST SUITABLE CONTEXT FOR DISCUSSION IN WHICH TO PROMOTE AN EXAMINATION OF WAYS OF REVISING ZAIRE'S ECONOMY AT AN INTERNATIONAL LEVEL WOULD, WITHOUT DOUBT, BE THE CONSULTATIVE GROUP SET UP WITHIN THE WORLD BANK."

3. ALLEGEDLY (REF C), THE FRENCH NOW SUPPORT BELGIAN POSITION. ALTHOUGH NOT COMPLETELY CLEAR TO US, IT APPEARS THAT BELGIANS ENVISAGE CREATION OF A HARD CORE WITHIN THE CONSULTATIVE GROUP. THIS SHOULD BE EXPLORED FURTHER.

4. WE STILL HAVE CONCERNS ABOUT WHAT MOBUTU MAY HAVE IN MIND IN CALLING FOR A "MARSHALL PLAN". WE FEAR HE MAY BE SEEKING TO AVOID THE DISCIPLINE AND OVERSIGHT ASSOCIATED WITH IMF AND IBRD. HOWEVER, THIS CONCERN COULD BE ALLAYED IF IT WERE TO BE MADE CLEAR THAT ANY "MARSHALL PLAN" IS WITHIN FRAMEWORK OF IMF/IBRD CONSULTATIVE GROUP.

5. WE ARE ALSO CONCERNED THAT THERE MAY BE MISCONCEPTIONS BETWEEN A "MARSHALL PLAN" AS PERCEIVED BY MOBUTU AND THAT AS EXPRESSED BY BELGIANS AND FRENCH IN REFS C AND D. MOBUTU MAY REGARD A "MARSHALL PLAN" AS A DEVICE TO OBTAIN MASSIVE ADDITIONAL ECONOMIC ASSISTANCE, WITH FEW IF ANY STRINGS ATTACHED. PARA 4 REF C INDICATES THAT FRANCE SEES NO NEED IN PUTTING UP SUBSTANTIAL AMOUNTS OF NEW AID MONEY AND THAT SUCH IS IN ACCORD WITH BELGIANS' ANALYSIS OF ZAIRE'S NEEDS -- BELGIUM'S EMPHASIS IS ON A COORDINATED AND CONTROLLED DEVELOPMENT EFFORT MAKING USE PRIMARILY OF "ZAIRIAN CONFIDENTIAL

CONFIDENTIAL

PAGE 03 KINSHA 07278 021551Z

MONEY NOW BEING FRITTERED AWAY". IT APPEARS TO US THAT BELGIANS AND FRENCH MAY BE PROPOSING A STICK WITHOUT A NEW CARROT.

6. IT IS OF COURSE POSSIBLE THAT OUR RESERVATIONS AS EXPRESSED IN PARAS 4 AND 5 ABOVE MAY NOT BE WARRANTED. MOBUTU MAY REGARD THE "MARSHALL PLAN" AS PRIMARILY A MEANS OF EXPLOITING THE POST-SHABA PERIOD TO MAINTAIN DONORS' ATTENTION TO ZAIRE'S NEEDS WITHOUT, HOWEVER, INTENDING TO CIRCUMVENT THE EXISTING IMF CONSULTATIVE GROUP MECHANISMS. IN THIS RESPECT IT IS NOTEWORTH THAT, WHILE LOCAL MEDIA CONTINUE TO CRANK THE "MARSHALL PLAN" INTO THEIR OUTPUT, THEY DO NOT SEEM TO BE UNDER INSTRUCTIONS TO GIVE IT MAJOR PLAY. SIMILARLY, IN HIS STATEMENT AT THE RECENT SIGNING OF THE AID CIP LOAN, FINANCE MINISTER BOFOSSA DUTIFULLY MADE REFERENCE TO THE MARSHALL PLAN AND THEN IN PRIVATE CONVERSATION WITH THE AMBASSADOR AFTERWARD MADE CLEAR HIS OWN BELIEF THAT THE CONSULTATIVE GROUP ALREADY PROVIDED AN ADEQUATE MECHANISM FOR MULTILATERAL ASSISTANCE.

7. IN ANY EVENT WE AGREE COMPLETELY WITH BELGIANS THAT THERE IS PRESSING NEED FOR BETTER COORDINATION AND CONTROL OF ZAIRE'S DEVELOPMENT EFFORTS AND THAT SUCH REQUIRES VERY STRENUOUS ADMINISTRATIVE, FINANCIAL AND ECONOMIC PLANNING WITH SUSTAINED EFFORT IN THE PRIORITY SECTORS DESIGNATED BY ZAIRIAN AUTHORITIES (PARA

11 REF D). WE BELIEVE THAT MOBUTU'S CALL FOR A "MARSHALL PLAN" AND THE BELGIAN INITIATIVE IN RESPONDING TO TI COULD BE USEFUL IF RPT IF THIS INITIATIVE IS CLEARLY LINKED TO IMF/IBRD CONSULTATIVE GROUP AND IF IT IS DESIGNED TO STRENGTHEN GOZ EFFORTS IN ADMINISTRATION FISCAL REFORMS ALREADY BEGUN OR CONTEMPLATED. IN SUCH CASE WE BELIEVE THAT, IF HANDLED PROPERLY, THE NEW INITIATIVE COULD BE A GOOD WAY OF STIMULATING THE CONSULTATIVE GROUP AND SPURRING ZAIRE'S EFFORTS AT ECONOMIC REFORM. WE THEREFORE RECOMMEND THAT WE NOT RPT NOT RESPOND NEGATIVELY TO THIS INITIATIVE BUT INSTEAD MAKE EVERY EFFORT TO ENSURE THAT WHATEVER IS DEVELOPED REMAINS WITHIN FRAMEWORK OF EXISTING IMF/IBRD CONSULTATIVE GROUP.

8. FINALLY, WE WOULD CAUTION THAT ANY RESERVATIONS WE MIGHT HAVE BE PRESENTED IN SUCH A WAY AS TO AVOID BEING THE SCAPEGOAT IN
CONFIDENTIAL

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PAGE 04 KINSHA 07278 021551Z

THE EVENT MOBUTU'S IDEA NEVER GETS OFF THE GROUND. WE WOULD GUESS THAT THIS POLITICAL ASPECT OF THE ISSUE IS AN IMPORTANT CONSIDERATION UNDERLYING THE POSITIVE REACTIONS FROM OUR BELGIANS AND FRENCH COLLEAGUES.
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